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SUBJECT: DEEDS FOR SALE! GET YOUR PROPERTY DEEDS RIGHT HERE!

REF: ISTANBUL 1039

11. (SBU) Summary: A property amnesty currently being planned by the Justice and Development (AK) Party government has set off a flurry of debate and criticism in Istanbul. AK sees the measure as a potential major source of revenue, a realistic solution to a long-ignored problem (i.e., "illegal" settlements and the political and social limbo squatters live under), and a popular pre-local election vote-getter in the poor and disenfranchised voter base of Istanbul's crowded urban sprawl. Opponents in Istanbul charge, however, that what they dismiss as a populist measure will undermine what they allege are existing sensible land-use, environmental, and disaster-mitigation policies and encourage illegal land-grabs and construction. End Summary.

12. (U) Having wiped out the detailed Ottoman land registry system, the Republic of Turkey has never carried out a systematic survey or introduced a new and complete land registry system. Nor has the Turkish state controlled the use of state-owned lands or enforced zoning laws. With this lack of control, and under succeeding national and local governments of all political stripes -- including CHP -- squatter communities, including some of the most stable neighborhoods in Turkey's largest cities, have mushroomed since the 1960's, with periodic commitments by local governments to supply utilities and paved roads on a catch-up basis. The provision of utilities in turn has spurred developers to offer squatters free apartments in return for letting them consolidate squatter plots and build apartment blocks.

13. (SBU) In this context, the Justice and Development (AK) Party government is planning a property amnesty as a means to generate revenue and regularize the quasi-legal resident status of hundreds of thousands of migrants to Turkey's major cities. The impact of such an amnesty would be felt particularly in Istanbul where approximately 700,000 buildings, or 60-65 percent of the total, are believed to be illegally constructed (i.e., without proper building permits), with many of them built on state lands (i.e., without deeds). In addition to new laws and regulations, a comprehensive amnesty will require a constitutional amendment (which could eventually go to a national referendum) to enable the government to reclassify some "forest lands" which have long been built on or used as agricultural land. (Note: Currently the proposal would cover only lands which had been converted by 1981, but it is unclear how all such determinations could be accurately documented. End Note.)

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Property Amnesties = Votes and Cheap Labor  
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14. (SBU) The history of property amnesties in Turkey has paralleled (and, some believe, contributed to) the massive waves of rural-to-urban migration over the last five decades.

Since the first amnesty in 1949, there have been six more culminating in the most recent one in 1986. In the early years, the unavailability and/or inaffordability of proper housing forced newly-arrived migrants to construct their own "gecekondus," or squatter residences, recreating their village lifestyle in the greater Istanbul region. Although built on state property and without the requisite building permits, both industry and politicians benefited, tapping the settlements for cheap labor and votes. As such, the early amnesties that allowed gecekondu owners to "purchase" permits and legal titles to their property were win-win propositions for the politicians: they were popular vote-getters that also generated extra revenue for the government coffers.

15. (SBU) In the 1980s and 1990s, Istanbul grew to become Europe's most populous city and was increasingly unable to absorb and manage the massive population influx, reaching as high as 500,000 migrants each year. With time, the clear-cut populist equation of property amnesties became murkier. Land speculators and corner-cutting contractors built sub-standard

multi-story apartment buildings to rent out to poorer families, making money on the ever-increasing demand for housing and gambling on the expectation that future governments would legalize their properties. More and more people objected to new amnesties as "unfair" (i.e., they provided legal cover to law-breakers) and municipal authorities in more affluent areas became increasingly frustrated with the negative effect they had on their attempts to conduct sensible urban planning and management. Amnesties aside, however, politicians and bureaucrats continued to profit from the fresh supply of potential voters and the endemic corruption involved in turning a blind eye to new, illegal properties.

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AK's Amnesty  
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16. (SBU) A chronic lack of comprehensive urban land-use planning in the last several decades has left the current AK government with an untenable situation in which hundreds of thousands of city-dwellers live in quasi-legal or illegal residences. Thousands of acres of so-called "forest lands" in and around the cities have long been cleared and developed to accommodate rural migrants or wealthy city apartment dwellers in search of homes with gardens. Even the opposition CHP party campaigned last year with a pledge to transfer such lands to the current residents. AKP, however, has emphasized the revenue-generating potential of a new property amnesty. In discussing the issue, Prime Minister Erdogan has made repeated references to expected revenues, a figure that some government officials put as high as USD 25 billion. Some we have talked to, however, note that amnesties never generate the revenue anticipated and have labeled the latest proposal as merely another in a long series of amnesties that will reward supporters and win votes:

-- Eyup Muhcu, Chairman of the Istanbul Chamber of Architects, railed against the proposed amnesty, calling it a blatant attempt to make money and win votes that violates most people's "sense of justice," encourages more illegal construction, and complicates efforts to prepare for a major earthquake (reftel).

-- Selami Ozturk, the Republican People's Party (CHP) Mayor of Kadikoy (where approximately 1 million Istanbul residents live), told poloff that a new amnesty would make it "nearly impossible" for him to provide municipal services to gecekonu neighborhoods that developed without any urban planning or oversight. Moreover, pointing to detailed neighborhood maps overlaid with the 2002 voting results, Ozturk noted how the amnesty would primarily benefit those neighborhoods that had voted heavily for the AK Party.

-- While careful not to directly criticize the AK government's policies, Irfan Uzun, Head of the Planning and Property for the Istanbul Greater Municipality, told poloff that city land-use plans would be undermined if completely illegal buildings without deeds or permits are provided amnesty. Uzun worried aloud that the city may have to "buy back" deeds awarded during an amnesty in order to expropriate and destroy properties that conflict with city infrastructure projects.

17. (SBU) The proposed amnesty has its share of supporters:

-- AKP founding member and independent businessman Cuneyt Zapsu defended the amnesty as sensible economic policy, arguing that the government must acknowledge the irreversible fact that many of these "forest lands" can not be restored and that thousands of illegal settlements can not be destroyed. By legalizing these properties and "bringing them into the system," the amnesty will not only generate revenue, but will also change now untransferrable assets into convertible ones, benefiting the economy as a whole.

-- Yahya Karakaya, the Saadet Party mayor of Sultanbeyli listed the lack of legal property deeds as one of his district's major problems, arguing that even the residents of his poor district would be willing to purchase building permits and deeds to escape the constant threat of eviction. (Note: Approximately 75 percent of the buildings in Sultanbeyli lack permits and 25 percent are built on state lands and lack deeds. End Note.)

18. (SBU) Even opponents of a new amnesty conceded that certain strict conditions could theoretically minimize the negative effects of an amnesty: mandating basic building

codes and safety standards, authorizing municipal authorities to retrofit neighborhoods for services, limiting the amnesty to owner/residents, and ensuring that this be the "final" amnesty. Uzun from the Istanbul Greater Municipality claimed that most of the buildings without permits have only minor problems, but that an amnesty that allowed the city to examine and reissue permits to buildings with minor construction problems would actually be beneficial.

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Forest Lands and Forest Fires  
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19. (SBU) Perhaps the most controversial part of the amnesty plan relates to a proposed constitutional amendment to reclassify a portion of the country's designated "forest lands" (those which lost their forest nature by 1981) to enable the government to sell off properties that have long since been illegally cleared and settled. Although the first effort to pass such an amendment was vetoed by President Sezer earlier this year, the government is determined to push forward, even if it means risking the chance that the President will submit it to a national referendum (Note: The President has the authority to veto such bills only once.) A rash of summer forest fires this year (summer forest fires have been a problem for at least a decade but the press reports a large increase last year) may be an indication that some unscrupulous speculators hoping to profit from newly "cleared" land expect the amendment and a broad amnesty to pass. (Note: They would need to produce fake documentation to show that the lands had been deforested long before, or perhaps they see the proposed amnesty as the first in a new series of such amnesties. End Note.)

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Comment  
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19. (SBU) AK is motivated by an understanding that regularizing the status of people who now live in fear of constant eviction will win them votes and by wishful thinking that an amnesty will bring in substantial revenue. Seeking to balance popular measures with the dictates of an IMF package, the government desperately needs the increased flexibility that any extra fiscal revenue will provide. This, combined with the fact that AK would benefit directly at the ballot box from a property amnesty, gives the government a powerful incentive to press forward with this proposal.

110. (SBU) The impact on Istanbul from an urban planning perspective will likely be negative. An amnesty without strict conditions (and past experience and realistic expectations suggest that such conditions are unlikely to be adopted) will complicate the city's efforts to prepare for an earthquake, provide municipal services, and plan for sustainable growth.

111. (SBU) Although many in Istanbul are uninterested, or at least ambivalent, about the idea of a property amnesty, they would likely be more decisive if the "forest land" issue comes to a referendum. Unaware of or despairing over the extent of deforestation in Istanbul, large numbers of voters living in the heart of the long built-up urban area would probably turn out in opposition, thereby setting the stage for a divisive vote that government critics will bill as a referendum on the AK government's overall performance.

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